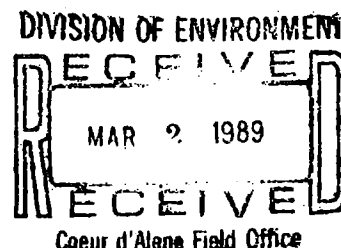


TRANSPORTATION DEPARTMENT
 P.O. BOX 7129 • BOISE, ID • 83707-1129 • 208/334-8000



May 27, 1988

The Honorable Cecil D. Andrus
 Governor of Idaho
 Statehouse
 Boise, ID 83720

ATTN: Bob Lenaghen

Re: Letters from Arthur Hansen concerning Old Milwaukee Road Rail
 Right-of-Way.

Dear Governor Andrus:

This is in response to the letters from Mr. Arthur Hansen to Governor Schwinden of Montana and yourself concerning the old right-of-way of the Chicago, Milwaukee, St. Paul and Pacific Railroad (Milwaukee Road). In order to understand the present situation, I have given a brief history.

The Milwaukee Road, primarily a midwest "granger" railroad, completed its Pacific Coast Extension (PCE) in 1909. The PCE was very expensive to build, and was built after the Northern Pacific, Great Northern and Union Pacific Railroads already had access to the Pacific Northwest. The PCE was never able to compete with these railroads and highway movements of freight and passengers. Losses from the PCE led to three Milwaukee Road bankruptcies, the last in 1977.

The Milwaukee was authorized to discontinue rail service and abandon trackage on the PCE in Washington, Idaho and Montana in 1980 by the Reorganization Court. The Milwaukee's Trustee sold the line from Avery to St. Regis to J. C. Marshall, who performed some salvage operations, and then sold the line to Edwards Investments of St. Maries who also did some salvage work. The line was turned over to the Forest Service in 1987, after the Forest Service argued that much of the line reverted to them after rail service was discontinued. Settlement came after lengthy legal battles and a special \$3.7 million Forest Service appropriation, spearheaded by Senator McClure, to buy the property from Edwards.



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STATE OF IDAHO — TRANSPORTATION DEPARTMENT


The Honorable Cecil D. Andrus

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We hope this covers the concerns brought out by Mr. Hansen. Should Mr. Hansen or your staff require further information, please contact Ronald Kerr at (208) 334-8210.

Sincerely,


KERMIT V. KIEBERT
Director

KVK:RKK:jf:jt/susp88^176:clib

cc: John Criswell, Panhandle National Forest, Coeur d'Alene
Steve Breithaupt, Idaho Division of Environment,
Coeur d'Alene